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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6205

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November 18, 1991

The Honorable James A. Baker, III
Secretary of State
Washington, D.C. 20520 X

Dear Mr. Secretary:

We would like to take this opportunity to applaud your recent efforts to resolve a number of troubling issues in our bilateral relationship with China. Although the result of your meetings can only be measured over time, we think the breadth and depth of the U.S. negotiating team showed a strong desire to engage the Chinese government in substantive discussions of these issues. This was a commendable effort.

One area that is of particular concern from our perspective is missile proliferation. Initial reports indicated that the Chinese government had agreed to adhere to the Missile Technology Control Regime (MTCR) and not to export missiles to Syria or Pakistan in return for the lifting of sanctions against certain Chinese companies. Subsequent to your departure, it was reported that the Chinese Ministry of Foreign Affairs qualified Chinese statements on missile proliferation saying only that it "may consider observing the Missile Technology Control Regime guidelines."

As coauthors and supporters of legislation passed last year (Title XVII of the Defense Authorization Act, P.L. 101-510) mandating the imposition of sanctions against companies involved in missile proliferation activities, we are deeply concerned about these reports. We do not believe that it is appropriate to lift sanctions against China Great Wall Industry Corporation and China Precision Machine Import and Export Corporation in return for a Chinese commitment not to sell M-11 or M-9 missiles to Syria or Pakistan. In passing this legislation, the Congress was concerned about proliferation activities as a whole, not just exports to two particular countries.

We believe that sanctions against the companies in question should only be lifted in return for Chinese commitment not to export missiles or related technologies, including production technology, as described in the Missile Technology Control Regime (MTCR). This commitment should also include existing contracts. Anything short of this commitment would leave open the possibility that China could shift its missile

exports from one country to another, substitute sales of missile technology or production equipment for missiles themselves, or continue to engage in missile proliferation under the claim of existing contracts.

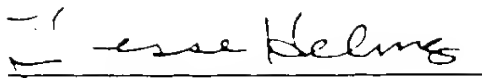
We would also note that the President recently signed into law the Foreign Relations Authorization Act (P.L. 102-138) which contained a provision substantially broadening the scope of sanctions for missile proliferation activities by certain entities. Under this new, broadened sanction, if a firm such as China Great Wall Industry Corporation were to engage in missile proliferation activities, the Administration would be required to impose sanctions against all activities of the Chinese government relating to the development or production of any missile equipment or technology, electronics, space systems or equipment, and military aircraft.

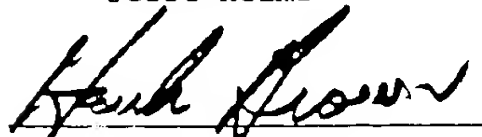
We add this comment on the consequences of future Chinese missile exports because of past experience with the Chinese government's commitments on missile proliferation. In 1988, Secretary Carlucci received commitments from the Chinese government that appeared to herald a change in Chinese policy on missile exports. Subsequent experience has shown that components of the Chinese weapons industry have remained highly active in promoting the exports of missiles and missile technology.


We would also note that Chinese entities remain active in other areas of proliferation, most notably nuclear weapons. In this connection, we would note that President Yang Shangkun recently visited Eshfahan, Iran, the reported site of the Chinese-assisted Iranian nuclear weapons program.

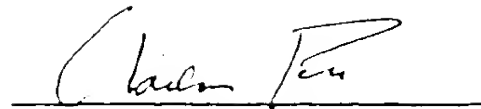
In closing, we appreciate the efforts you and your negotiating team have made to resolve disagreements with the Chinese government on its missile proliferation practices as well as in other areas. We believe that a true commitment on the part of the Chinese government to restrict its missile and missile technology exports in a manner consistent with the Missile Technology Control Regime would mark a significant advancement in one of the most contentious areas of our bilateral relationship. In our view, only this step would merit the lifting of sanctions against China Great Wall and China Precision Machine. While we would welcome sincere Chinese commitments to limit missile proliferation, we will measure the sincerity of those commitments against their implementation. Unfortunately, the Chinese defense industry's past record on proliferation does not give cause for optimism on this score.

Sincerely,

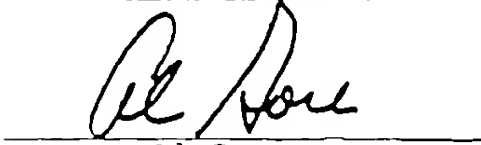

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